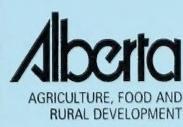






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Special Crops



Newsletter

Issue 15

April, 2001

Market Driven

Agriculture...Strategies for Success

Article #3 in a Series of 4

Submitted by:

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Selling Products and Services through the Internet

E-commerce is a rapidly growing market that uses a website on the internet to sell products and services. Agri-businesses can use e-commerce to sell products and services to new and largely expanded customer bases.

New markets can change the way things operate. E-commerce provides the option of using an intermediary to sell a product to distant markets. In the past, most agri-businesses interested in distant or larger markets required the services of an intermediary like a wholesaler, distributor or broker. With e-commerce an agri-business can link directly to global customers through its website.

The logistics activities in an e-commerce business are very important since it's one way to hold onto customers. Logistics is a term that describes all the activities required to fill a customer order through the website. From order taking to delivery, payment and managing returns for agri-products shipped, there are lots of details to think about. Don't forget to check shipping, customs, taxation and other export requirements if shipping outside of Canada.

Of course, there are many ways to handle logistics and more are being created each day. You may decide to out source tasks, such as order processing and delivery, to a company designed to offer this service, but, should you choose, these logistics activities can be handled by the business. If you decide to handle your own logistics activities allow extra time in the work plan.

With an e-commerce agri-business you may get paid faster than you would from a retail operation. This reduces working capital requirements. Access to working capital, (the money needed to pay for or produce products or services before you get paid) can be challenging for new, unproven agri-businesses.

In a retail agri-business, such as a nutraceutical shop, any products purchased from other agripreneurs must be paid for before you can sell them. This could take months between payment for goods and services and receipt of income from customers. The internet flips the traditional retail payment system upside down.

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With an e-commerce nutraceutical shop, you could arrange with an agri-product supplier to ship the product directly to the customer. This means you receive payment from the customer and then pay the supplier. This type of product supplier arrangement can also lower costs for warehousing and inventory maintenance.

E-commerce agri-businesses need to tailor their marketing program to the internet. Currently, most new e-commerce businesses find they need to spend more money on advertising. As the internet grows and the number of businesses offering goods and services over the net multiplies, it will be tougher to catch the attention of net shoppers. To get the most from advertising dollars, consider extra services, unique agri-products, catchy slogans and logos that are directed at the target customer group.

Is e-commerce a good fit for your current or new agri-business? Check out two new books available in many business resource centres:

Selling Online - How to become a successful e-commerce merchant in Canada - Jim Carroll and Rick Broadhead.

The Unofficial Guide to Starting A Business Online - Jason R. Rich.

This is the third article in *Market Driven Agriculture ...Strategies for Success*, a series on how to develop a market focus in your business. These articles are presented by Alberta Agriculture, Food and Rural Development's Central Region Rural Development Specialists - Business in partnership with the Alberta Women's Enterprise Initiative Association. The objective of the series is to raise awareness about the importance of markets, from traditional farming through various agri-preneur ventures.

For more business and market development information check the Alberta Agriculture and Alberta Women's Enterprise Initiative Association websites at <www.agric.gov.ab.ca/diversify> and <www.awei.ab.ca>.

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SCPT & CV Technologies - Undergraduate Scholarship Awarded

The Special Crops Product Team of Alberta Agriculture, Food and Rural Development and C. V. Technologies Inc. is pleased to announce that the recipient of their annual scholarship this year is Lise Luppens, a Nutritional Sciences student. The scholarship was established in the Faculty of Agriculture, Forestry and Home Economics in 1998 at the University of Alberta. Recipients must demonstrate superior academic achievements, be entering the third or fourth year of a degree program majoring in Agriculture or Nutrition and Food Science, and have a background in special crops and/or nutraceuticals/functional foods of plant origin. The scholarship is \$1,250 per annum.

Ms. Luppens expresses her thanks and feels honored to be chosen as the recipient of this scholarship. She says this scholarship is very helpful in a time of rising tuition costs. This financial assistance will be most beneficial in offsetting additional expenses incurred by her participation in an upcoming exchange between the University of Alberta and the University of Wollongong, NSW, Australia. She is taking part in this exchange to gain a more international perspective on human nutrition.

For further information, contact Stan Blade, Alberta Agriculture, Edmonton, (780) 415-2311.

“Growing Global Conference” a success!

Over 300 participants came together last week (March 5-7) to hear about new opportunities in organic and diversified agriculture. “Growing Global” was the theme. Producers and processors were able to network with international and national speakers, as well as individuals who shared their interest from across western Canada.

This diverse audience was rewarded with a diversity of presentations. Florence Sender (Food Logic Inc., Boston Massachusetts) opened the conference by communicating a message about the growth of the organic sector, and the importance of paying attention to the consumer. Dr. Elaine Ingham (Oregon State University) captured the audience’s interest by speaking about her research on the Food Soil Web, and the importance of soil microbiology and its diversity. Prof. Jules Janick (Purdue University, Indiana) challenged the audience to consider a wide array of new crops which have potential in western Canada. Other speakers discussed organic crop management strategies (Dr. Kathleen Delate, Iowa State University), marketing opportunities for organic and natural beef and several Alberta speakers (including Pat Maloney, Prairie Sun Grains Inc., Calgary and local organic product retailers) shared their experience in accessing domestic and international markets with their products.

Organic producers in the audience were very interested to hear about the current state of the U.S. organic rules from the Leader of the National Program, Mr. Keith Jones. Conference attendees involved in production and processing of medicinal plants heard the newest information regarding the role of Health Canada’s Natural Health Products Directorate.

The **Growing Global Conference** was developed to identify opportunities that can be of direct benefit to the agricultural sector. This conference was the result of the combined efforts of two unique groups; the “Go Organic!” team that staged a very successful conference in Edmonton (March,

2000), and the Fifth Western Canadian Medicinal and Aromatic Plants Conference. The first Prairie Medicinal and Aromatic Plants Conference was held in Olds, Alberta (March, 1996). Subsequent meetings have been organized in Manitoba (1997), Saskatchewan (1998), Kelowna (1999) and Saskatchewan (2000, as part of the International Herbs Association meetings).

The conference was organized to bring together internationally-recognized speakers who will address a wide variety of topics which deal with how we can diversify our products for a discerning marketplace. The attentive audience had the opportunity to hear about leading edge research in new opportunities in both crops and livestock.

If you were unable to attend the conference, but would like to purchase a copy (\$20 which includes shipping and handling) of the Growing Global binder which contains the speaker presentations, please call Shamim Rajani at (780) 427-3002.

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Prototype Development: Portable Steam Distillation Unit For Essential Oil Production in Alberta

The Alberta New Crop Network (ANCN) in partnership with the Agricultural Value Added Engineering Center, the Manning Diversified Forest Products Research Trust Fund, Alberta Agriculture Food and Rural Development and Olds College Centre for Innovation, joined forces to design and build a portable steam distillation unit. The unit was identified as a key component in development of the essential oil industry in Alberta.

Cooperation in development of the unit brought together members to solve critical production issues. Individual growers will be using the unit to explore the technical aspects, and feasibility of essential oil production. The unit will be used on site to distill a variety of materials ranging from tree buds and native plant species to cultivated herbs representing various agroclimatic areas of the Province

Growers, industries and researchers will also be working together to determine the quality and quantity of essential oil production from locally grown crops, trees and wild plants. Production and processing parameters will be developed from the information gathered as well. Growers will then have the equipment and technology required for distillation of sufficient quantities of oil to explore and stimulate potential markets in the aromatherapy, perfumery, fragrance and flavoring industries.

In development of the unit, the growers set out overall system requirements. The portable steam distillation unit was then designed and built by the Agricultural Value-added Engineering Centre (AVEC). It consists of: a low pressure four horse power propane boiler, a special 250 litre product kettle, a water cooled shell and tube condenser and a receiver for separating and collecting the essential oil. This and the associated equipment are all mounted in a trailer. The unit requires a potable water supply and a standard 120-volt electrical service.

In October and November 2000, a few tests were conducted using *Picea mariana* (Black spruce) and *Pinus canadensis* (pine). The unit produced 0.9 % oil (ml/g dry weight) on the black spruce compared with 1% oil (ml/g dry weight) by a laboratory scale hydro distillation unit. In 2001, the portable steam distillation unit will be demonstrated in Manning (May), Pincher Creek (early July), Olds College at Hort Week (July), St. Paul (August), and Edson (September). The long-term goal of the project is to promote the growth of the essential oil industry in Alberta.

For more information on the project contact:
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The newsletter is also available on the Internet at:

<http://www.agric.gov.ab.ca/crops/special/scnews/index.html>

Special Crops Product Team

The Special Crops Product Team represents a cross-section of specialists from Alberta Agriculture, Food and Rural Development and Agriculture and Agri-Food Canada. It is a liaison between industry and government. The Team's mission is to lead departmental activities in Special Crops, consistent with industry objectives, in response to diversification, value-added and market place opportunities.

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